



SHARP N DSCR

DSCR (1-4 Unit Properties)						
Occupancy	DSCR >=1.0					
	Units	Loan Amount	MIN FICO	MAX LTV		
				Purchase	R/T	C/O
Investment	1*	<=\$1.5MM	720+	80%	80%	75%
		<=\$2.0MM	740+	80%	80%	75%
			720	75%	75%	70%
*2-4 UNITS SEE ELIGIBLE PROPERTY TYPES FOR REQUIREMENTS						
GENERAL REQUIREMENTS						
OCCUPANCY	Investment Only					
MIN DSCR	1.0 1.15 Short-Term Rentals 1.00 First-Time Investors					
LOAN AMOUNTS	- MIN \$150K - MAX \$2.0MM					
TERMS	FIXED		30 YR FX			
	INTEREST ONLY		30 YR FX			
INTEREST ONLY	I/O Period 10 YRs Amortization period 20 YRs Maturity 30 YRs				QUALIFYING PAYMENT	Use the ITIA payment
ELIGIBLE PROPERTY TYPES	SFD, (MAX 2 Acres) SFA, 2-4 Units & Warrantable Condos 5% LTV reduction required on 2-4 Units - Warrantable Condos – MAX 75% - Property condition rating must be C3 or better					
INELIGIBLE PROPERTY TYPES	- Manufactured, Co-ops, Non-Warrantable Condos, Condotels, Mixed Use, Leaseholds AND Rural - Properties identified by the CFPB as rural or underserved are ineligible.					
FLIP TRANSACTIONS	New construction by a production builder is considered a flip if the developer bought the lot within 180 days and the purchase price increased by over 120%.					
CASH-OUT	MAX C/O Amounts: - LTV/CLTV >60% MAX \$1.0MM or Unlimited with 18 MO reserves, exclusive of cash back - LTV/CLTV <=60% Unlimited - C/O amounts may be used to meet reserve requirements. - MIN 6 MO seasoning from most recent event - Not permitted in declining markets					
CASH-OUT SEASONING	- MIN 6 MO since the most recent mortgage transaction (Note to Note date). - Delayed Financing or buyout of a co-owner excluded from seasoning requirements. - C/O for personal purposes not permitted. - C/O for the purposes for rehabs, tear downs or construction that would deem the property uninhabitable are not permitted.					
CREDIT REPORTING	Loan decisions are based on individual creditworthiness. Credit reporting to individual credit bureaus is at the servicer's discretion.					
PROPERTIES LISTED FOR SALE	With a PPP – Property must be taken off the market prior to application. Without a PPP (even when not permitted by state laws) – C/O not permitted Properties listed in the past 6 MO. the value will be based on the lesser of the appraised value or the lowest listing price.					
SELLER CONCESSIONS	Seller Concessions - MAX 6%					
INSURANCE	6 MO. Rent Loss Insurance required – May be waived with 3 additional (over and above required) months PITIA reserves					



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ENTITY LENDING/VESTING	- Vesting and Lending to the entity permitted. Note/Mortgage/Deed in the name of the entity (LLC, LP, GP, CORP & S CORP). - Credit qualifying using individual borrower – Personal Guaranty by the individual borrower Required Foreign Entities not permitted. - Limit 4 owners/members - PGs required by all members of the entity (including non-borrowers) that have 50% or more ownership. - Each entity owner must receive notice of the loan and its terms prior to closing
SUBORDINATE FINANCING	New subordinate financing not permitted. Re-subordinated liens subject to: PR MAX CLTV 90%, 2 nd HM MAX CLTV 85%, INV Ineligible Second lien may not be privately held, HELOC or Reverse Mortgage.
ESCROW WAIVERS	Not permitted
UNDERWRITING REQUIREMENTS	
REPRESENTATIVE CREDIT SCORE (FICO)	- Representative FICO 3 scores – Use the MID score 2 scores – Use the lowest - Multiple Borrowers - Use the lowest representative credit score of all borrowers to determine eligibility.
TRADELINE REQUIREMENTS	All borrowers must meet the tradeline requirements 3 tradelines reporting for last 12 MO. or 2 reporting for 24 MO w/activity in past 12 MO. Or 24 MO mortgage history reporting on the credit report. - Tradelines used cannot reflect late payments. - Deferred accounts (w/o a payment history) may not be used. - Accounts closed <12 MO may be considered. When the primary borrower has three scores, the tradeline requirements are considered to have been met
HOUSING HISTORY	- Mortgages on other REOs (non-subject & non-PR) that are not reporting on credit, do not need to be verified. - Borrower must currently maintain a primary residence (Own or Rent) Rent free not permitted.
HOUSING PAYMENT HISTORY	0 X 30 X 12 for all mortgages reporting on the credit report.
CREDIT EVENT SEASONING	All borrower must meet the below requirements: - BK 7 & 13 – 48 MO discharge/dismissal date - SS, DIL, FC, Mod, 120+ housing late 48 MO. - Multiple events - ineligible
COLLECTIONS	- Collections and charge-offs < 24 months old with a maximum cumulative balance of \$5,000 - All medical collections may remain open, and amounts are not included in cumulative balances. - Collections from factoring companies when the original debt can be verified on the credit report. - Accounts may be left open with sufficient reserves to cover balance in addition to required reserves. Payment calculated at 5% of the remaining balance must be included.
EMPLOYEE LOANS	Ineligible
FIRST TIME HOMEBUYER	Borrowers who have not had homeownership in the past 5 years are not eligible.
INVESTOR EXPERIENCE	Previous investment property ownership – not required
BORROWERS	- U.S. Citizens, Perm Res Aliens - Non-Perm Res Aliens permitted – 2 YRs housing (US or abroad) and 2 YRs employment in the same line of work. - Borrowers transferred by a company with offices in both a foreign country and the US may be eligible with: - Documentation of transfer executed on corporate letterhead and 1st paycheck prior to closing - Borrowers sponsored H1-B1 Visa – Documentation of sponsorship required with Visa and 1st paycheck prior to closing. - EAD must not expire within 3 MO. of application - Foreign Nationals not permitted
TRANSCRIPTS	Not required
LOAN AMTS	Loan amounts ≥\$2.0MM a second signature required.
NON-ARMS LENGTH	Non-Arm's Length transactions not permitted

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ASSETS	- Sourced and seasoned for 30 Days in a US account - College savings accounts, i.e. 529 plans are an ineligible source of funds.
RESERVES	- Subject property - Loan Amounts: ≤\$500K 3 MO. >\$500K - \$2MM 6 MO. - Multiple financed properties - 2 MO additional per property (excluding the borrowers PR)
GIFT FUNDS	- Permitted – MIN borrower contribution 10% - Gift funds may not be used to meet reserve requirements
DDOCUMENTATION AND CALCULATIONS	
GENERAL REQUIREMENTS	All refinance transaction require the property to be leased. Vacant properties are not eligible except for properties leased through short-term rental agencies; or with evidence that the property has been recently rehabbed and is currently listed for rent and is being marketed as such. Property cannot be occupied by the borrower(s), any member of the borrower's LLC or any family member.
ANNUAL	If using the lesser of market rents or the lease, nothing further is required. - If using a higher lease amount, evidence of 2 months of receipt is required, and the lease must be within 120% of the market rents. If the actual rent exceeds 120% of the market rents, the rents are capped at 120%. - If using a higher estimated market rent from the 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease by more than 120%, the estimated market rent is capped at 120%. Refinance: FNM Form 1007/1025 require, along with 1 of the following: - Executed lease with no less than 1 MO remaining at the time of closing for all units in the subject property. - Month-to-Month tenancy is not subject to this requirement with sufficient evidence to support continuance, such as a signed extension letter, bank statements to support deposits, or 1007/1025 with includes a review of the current leases confirming month to month. DSCR Ratio Calculation: - DSCR Ratio = Short- or Long-Term Gross Rental Income / PITIA Fully Amortizing or ITIA (for IO Loans)

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SHORT TERM	Defined as properties leased on a nightly, weekly, monthly, or seasonal basis.				
	• ALL STRs require evidence from third party vendors validating that the governing municipality where the subject STR is located allows properties to be rented as STRs; with the exception of the five (5) New York City Boroughs which are ineligible. • Min DSCR >= 1.15 • Max LTV: Lesser of 75% or the LTV/CLTV available per the matrix. • Evidence is required from a 3rd party vendor (such as Property Guard, Vrolio or equivalent) validating the governing municipality where the subject property is located allows properties to be rented as STRs.				
	Short Term Gross Rental Income:				
	• Purchase transactions are ineligible. Short-Term Rentals are eligible on refinance transactions only. • One of the following options depending upon the transaction: ◦ 1007/1025 or ◦ 12-month look back on rents received using bank statements or 3rd party rental statements				
	Seasonality - The market rents must account for the seasonality of the subject property's rents. The appraiser is required to address the seasonality of the subject property short term rental market in computing the market rent. If the appraiser fails to appropriately address for seasonality, gross rents should be computed using the vacancy factor as determined by the AirDNA Property Earning Report.				
Calendar Days		Days Rented	Vacant	Vacancy Factor	
365		150	215	215/365 = 59%	
APPRAISAL REQUIREMENTS					
APPRAISAL	LN AMTS <\$2.0 MM - 1 Full Appraisal LN AMTS ≥\$2.0MM - 2 Full Appraisals	CDA	CDA > 10% of appraised value full second appraisal required	CU	CU of 2.5 or less CDA not required.
DECLINING MARKETS	Appraiser indicated declining market. • 5% LTV Reduction when LTV >65% LTV • C/O Not permitted				
GEOGRAPHIC RESTRICTIONS					
INELIGIBLE	• Baltimore City, Maryland • Brooklyn, NY • Charlotte, Lee, Hendry, and Glades Counties FL • Cook County, IL • Indianapolis, IN • Lubbock, TX • Orange County, NY • Patterson, NJ • Washington DC		CITY OF NY	Short Term Rentals are not permitted	
			TEXAS	TX 50 (a) (6) and (a) (4) Ineligible	
			PENNSYLVANIA	Philadelphia county attached properties are not permitted.	